

TOWNSHIP OF GIBSON
BAY COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Gibson Township	County Bay
Audit Date 3/31/05	Opinion Date 9/10/05	Date Accountant Report Submitted to State: 9/26/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Barry E. Gaudette, CPA, PC			
Street Address 1107 E. Eighth Street		City Traverse City	State MI
Accountant Signature <i>Barry E. Gaudette</i>		ZIP 49686	Date 9/24/05

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INTRODUCTORY SECTION

TOWNSHIP OF GIBSON
LIST OF ELECTED OFFICIALS
MARCH 31, 2005

ELECTED OFFICIALS

Todd McLincha	Supervisor
Darlene Faunce	Clerk
Pamela Cousineau	Treasurer
Rodney Kintner	Trustee
Dorothy Doyen	Trustee

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Members of the Township Board
Township of Gibson
Bay County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Gibson, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Gibson, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

Since it is not practical to extend my auditing procedures into the prior unaudited year, I am unable to express an opinion on the consistency of application of accounting principles with the preceding year.

Township of Gibson
Independent Auditors' Report
Page Two

In my opinion, except for the omission of the information mentioned in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Gibson, Michigan, as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note IV(C), the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, as amended and interpreted, as of March 31, 2005.

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

Barry E. Staudt, CPA, PC

September 10, 2005

BASIC FINANCIAL STATEMENTS

Township of Gibson
Government-Wide Financial Statements
Statement of Net Assets
March 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 94,630
Taxes receivable	13,763
Due from other funds	95,993
Capital assets (net of accumulated depreciation):	
Land	18,439
Buildings and improvements	19,167
Fire trucks and equipment	<u>88,362</u>
Total assets	<u>330,354</u>
NET ASSETS	
Invested in capital assets	125,968
Unrestricted	<u>204,386</u>
Total net assets	<u><u>\$ 330,354</u></u>

See notes to financial statements

Township of Gibson
Government-Wide Financial Statements
Statement of Activities
For the Year Ended March 31, 2005

Functions /Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Legislative General	\$ 4,180	\$	\$	\$
Government	72,209	11,408		
Public safety	32,852		6,000	
Public works	84,649	51,290		
Community/ economic development	2,903			
Parks & recreation	<u>2,171</u>			
Total governmental activities	<u>\$ 198,964</u>	<u>\$ 62,698</u>	<u>\$ 6,000</u>	<u>\$</u>

General revenues:
Property taxes
Licenses and permits
State aid
Interest earnings
Rents

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements

Net (Expense)
Revenue and
Changes in
Net Assets

Governmental
Activities

\$ (4,180)

(60,801)

(26,852)

(33,359)

(2,903)

(2,171)

(130,266)

53,283

320

92,082

994

550

147,229

16,963

313,391

\$ 330,354

Township of Gibson
Balance Sheet
Governmental Funds
March 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Trash</u>
ASSETS			
Cash and cash equivalents	\$ 59,627	\$ 28,449	\$ 6,554
Taxes receivable	3,272	2,211	8,280
Due from other funds	<u>95,993</u>		
Total assets	<u>\$ 158,892</u>	<u>\$ 30,660</u>	<u>\$ 14,834</u>
 FUND BALANCES			
Fund balances Unreserved, reported in:			
General fund	\$ 158,892	\$	\$
Fire fund		30,660	
Trash fund			<u>14,834</u>
Total fund balances	<u>\$ 158,892</u>	<u>\$ 30,660</u>	<u>\$ 14,834</u>

See notes to financial statements

**Total
Governmental
Funds**

\$ 94,630
13,763

95,993

\$ 204,386

\$ 158,802
30,660
14,834

\$ 204,386

Township of Gibson
Reconciliation of the Governmental Funds
Balance Sheet
With the Statement of Net Assets
March 31, 2005

Amounts reported for governmental activities in the
statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 204,386
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Capital assets used in governmental activities
are not financial resources and therefore are
not reported as assets in governmental funds:

Cost of capital assets	311,642
Accumulated depreciation	<u>(185,674)</u>

Total Net Assets - Governmental Activities	<u>\$ 330,354</u>
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See notes to financial statements

Township of Gibson
Statement of Revenues, Expenditures and Changes
In Fund Balance
Governmental Funds
For the Year Ended March 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Trash</u>
REVENUES			
Taxes & adm. fees	\$ 31,559	\$ 21,724	\$ 51,290
Licenses & permits	320		
State aid	92,082		
Contributions from local governments		6,000	
Charges for services	2,825		
Interest earnings	761	125	108
Rents	550		
Miscellaneous	<u>8,583</u>		
Total revenues	<u>136,680</u>	<u>27,849</u>	<u>51,398</u>
EXPENDITURES			
Current:			
Legislative	4,180		
General government	70,263		
Public safety	1,245	17,734	
Public works	36,798		47,851
Community/economic development	2,903		
Parks & recreation	2,171		
Capital outlay	<u>4,675</u>	<u>1,171</u>	
Total expenditures	<u>122,235</u>	<u>18,905</u>	<u>47,851</u>
Net changes in fund balances	14,445	8,944	3,547
Fund balances-beginning	<u>144,447</u>	<u>21,716</u>	<u>11,287</u>
Fund balances-ending	<u>\$ 158,892</u>	<u>\$ 30,660</u>	<u>\$ 14,834</u>

See notes to financial statements

**Total
Governmental
Funds**

\$ 104,573
320
92,082

6,000
2,825
994
550
8,583

215,927

4,180
70,263
18,979
84,649

2,903
2,171
5,846

188,991

26,936

177,450

\$ 204,386

Township of Gibson
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For the Year Ended March 31, 2005

Amounts reported for governmental activities in the
statement of activities are different because:

Total net change in fund balances - total governmental funds	\$ 26,936
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded (were less than) depreciation in the current period.	<u>(9,973)</u>
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Change in net assets of governmental activities	<u>\$ 16,963</u>
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See notes to financial statements

Township of Gibson
Statement of Fiduciary Funds
Fiduciary Funds
March 31, 2005

	<u>Tax Collection Fund</u>
ASSETS	
Cash and cash equivalents	\$ 95,993
Due from other governmental units	
Total assets	<u>95,993</u>
LIABILITIES	
Due to other funds	95,993
Due to other governmental units	
Total liabilities	<u>95,993</u>
NET ASSETS	
Held in trust for other purposes	<u>\$</u>

See notes to financial statements

Township of Gibson
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended March 31, 2005

	<u>Tax Collection Fund</u>
ADDITIONS	
Property tax collections and fees	\$ 721,723
Interest earned	
Total additions	<u>721,723</u>
DEDUCTIONS	
Payments to general fund	31,559
Payments to fire fund	21,724
Payments to trash fund	51,290
Payments to other governmental units	<u>617,150</u>
Total deductions	<u>721,723</u>
Changes in net assets	
Net assets - beginning	<u> </u>
Net assets - ending	<u><u>\$ </u></u>

See notes to financial statements

Township of Gibson
Notes to the Financial Statements
March 31, 2005

I. Summary of significant accounting policies

The financial statements of the Township of Gibson (the Township) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

A. Reporting entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township has no component units and is not responsible for any jointly governed organizations.

B. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when a payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Bay County, which advances the Township 100% for the delinquent taxes.

The 2004 real and personal taxable valuation of the Township totaled \$21,727,353, on which ad valorem taxes levied consisted of 1.1497 mills for Township operating purposes and voted millage of .9998 mills for fire operating purposes. These amounts are recognized in the General Fund and Special Revenue Fund as current tax revenue. Administrative fees of \$6,579 to collect the taxes and applicable interest are reported in the General Fund.

The Township reports the following major governmental funds:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The *Fire and Trash Fund* are special revenue funds.

The Township reports the following fiduciary fund:

The *Current Tax Collection Fund* is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax and special assessment collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Township did not have any proprietary funds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted sources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of

acquisition.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. *Short-term interfund receivables/payable*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the governmental fund financial statements.

3. *Receivables and payables*

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

4. *Capital assets*

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Township is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	15
Buildings	40
Building improvements	20
Fire trucks and equipment	20
Equipment	10

5. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Township of Gibson does not have any long-term obligations.

6. Fund equity

In the fund financial statements, governmental funds report the reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Comparative data/reclassifications

If the Township had an individual enterprise fund, comparative total data for the prior year would have been presented only in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally adopted by the Township Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. The Supervisor is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and the trash fund. The fire fund did not adopt a budget.
6. The budget as presented, has not been amended. Supplemental appropriations were made during the year with the last one approved prior to April 1st.

B. Excess of expenditures over appropriations

For the year ended March 31, 2005, expenditures exceeded appropriations in the following activities of the General Fund as follows:

<u>Fund</u>	<u>Total</u> <u>Appropriations</u>	<u>Amount of</u> <u>Expenditures</u>	<u>Budget</u> <u>Variance</u>
General Fund:			
General			
government:			
Supervisor	\$ 6,600	\$ 7,141	\$ (541)
Elections	1,800	1,836	(36)
Clerk	7,100	8,207	(1,107)
Board of review	500	683	(183)
Building & grounds	13,420	14,154	(734)
Pension	4,500	5,306	(806)
Insurance	9,000	10,826	(1,826)
Community/economic development:			
Community zoning	2,740	2,903	(163)

III. Detailed notes on all funds

A. Deposits and investments

At year-end, the carrying amount of the Township's deposits were \$190,623 (includes \$95,993 in the Tax Collection Fund) and the bank balance was \$191,044, of which \$191,044 was covered by federal depository insurance.

B. Receivables

The Township's receivables as of March 31, 2005 are amounts owed from the County for delinquent taxes and special assessments.

C. Capital assets

Capital asset activity for the year ended March 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 18,439	\$ _____	\$ _____	\$ 18,439
Capital assets, being depreciated:				
Land improvements	21,418			21,418
Buildings & improvements:				
Township Hall	4,110			4,110
Improvements	32,191	4,675		36,866
Fire trucks	184,166			184,166
Equipment-fire	45,472	1,171		46,643
Total capital assets being depreciated	287,357	5,846		293,203
Less accumulated depreciation for:				
Land improvements	(21,418)			(21,418)
Buildings & improvements:				
Township hall	(2,158)	(103)		(2,261)
Improvements	(17,705)	(1,843)		(19,548)
Fire vehicles	(101,291)	(9,208)		(110,499)
Equipment-fire	(27,283)	(4,665)		(31,948)
Total accumulated depreciation	(169,855)	(15,819)		(185,674)
Total capital assets, being depreciated, net	117,502	(9,973)		107,529
Governmental activities capital assets, net	<u>\$ 135,941</u>	<u>\$ (9,973)</u>	<u>\$ _____</u>	<u>\$ 125,968</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 1,946
Public safety	<u>13,873</u>
Total depreciation expense- governmental activities	<u>\$ 15,819</u>

D. Interfund receivables, payables, and transfers

There were no interfund transfers.

The composition of interfund balances as of March 31, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Tax collection	<u>\$ 95,993</u>

IV. Other information

A. Risk management

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and employee injuries (workers compensation).

The Township has purchased commercial insurance for all risks of loss. Settlements claims have not exceeded coverages for each of the past three fiscal years.

B. Pension plan

The Township has a defined contribution pension plan with the Manufacturers Life Insurance Company that covers all Township Board members and full-time employees of the Township. Under the plan the Township contributes 7.65% of each covered employee's wages to the plan. Retirement plan expense for the current year was \$5,306.

C. Implementation of new accounting standard

As of and for the year ended March 31, 2005, the Township implemented GASB Statement Number 34 - *Basic Financial Statements - and Management's Discussion and Analysis - State and Local Governments*. The more significant changes required by the standard include a Management Discussion and Analysis; government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting; fund financial statements, consisting of a series of statements that focus on a governments' major funds; and schedules to reconcile the fund financial statements to the government-wide financial statements.

Required Supplementary Information

Township of Gibson
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Property taxes and related fees	\$ 37,000	\$ 37,000	\$ 31,559	\$ (5,441)
Licenses & permits	330	330	320	(10)
State aid	94,000	94,000	92,082	(1,918)
Charges for services			2,825	2,825
Interest earnings	350	350	761	411
Rents	1,000	1,000	550	(450)
Miscellaneous	<u>1,400</u>	<u>1,400</u>	<u>8,583</u>	<u>7,183</u>
Total revenues	<u>134,080</u>	<u>134,080</u>	<u>136,680</u>	<u>2,600</u>
EXPENDITURES				
Current:				
Legislative:				
Township board	<u>4,180</u>	<u>4,180</u>	<u>4,180</u>	
General government:				
Supervisor	6,600	6,600	7,141	(541)
Elections	1,800	1,800	1,836	(36)
Clerk	7,100	7,100	8,207	(1,107)
Board of review	500	500	683	(183)
Assessor	5,670	5,670	5,670	
Treasurer	9,700	9,700	9,282	418
Building & grounds	13,420	13,420	14,154	(734)
Professional fees	800	800	673	127
Pension	4,500	4,500	5,306	(806)
Insurance	9,000	9,000	10,826	(1,826)
Other	<u>13,230</u>	<u>13,230</u>	<u>6,485</u>	<u>6,745</u>
Total general government	<u>72,320</u>	<u>72,320</u>	<u>70,263</u>	<u>2,057</u>
Public safety:				
Police	500	500		500
Ambulance	<u>1,300</u>	<u>1,300</u>	<u>1,245</u>	<u>55</u>
Total public safety	<u>1,800</u>	<u>1,800</u>	<u>1,245</u>	<u>555</u>

Township of Gibson
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2005
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
EXPENDITURES				
(CONTINUED):				
Current:				
Public works:				
Street lighting	1,200	1,200	1,063	137
Brine	10,000	10,000	5,618	4,382
Roads	<u>60,000</u>	<u>60,000</u>	<u>30,117</u>	<u>29,883</u>
Total public works	<u>71,200</u>	<u>71,200</u>	<u>36,798</u>	<u>34,402</u>
Community/economic development:				
Community zoning	<u>2,740</u>	<u>2,740</u>	<u>2,903</u>	<u>(163)</u>
Recreation and culture:				
Parks & recreation	<u>6,050</u>	<u>6,050</u>	<u>2,171</u>	<u>3,879</u>
Capital outlay	<u>4,675</u>	<u>4,675</u>	<u>4,675</u>	
Total expenditures	<u>162,965</u>	<u>162,965</u>	<u>122,235</u>	<u>40,730</u>
Net change in fund balances	(28,885)	(28,885)	14,445	43,330
Fund balances-beginning	<u>48,000</u>	<u>48,000</u>	<u>144,447</u>	<u>96,447</u>
Fund balances-ending	<u>\$ 19,115</u>	<u>\$ 19,115</u>	<u>\$158,892</u>	<u>\$139,777</u>

See notes to financial statements

Township of Gibson
Fire Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Property taxes	\$	\$	\$ 21,724	\$ 21,724
Contributions from				
local governments			6,000	6,000
Interest earnings			125	125
Total revenues			27,849	27,849
EXPENDITURES				
Current:				
Public safety:				
Current:				
Fire chief wage			500	
Fuel			570	
Heating			1,662	
Insurance			1,550	
Miscellaneous			1,968	
New equip.-pumps			5,069	
Pagers			364	
Phone			401	
Repairs & maint.			4,969	
Supplies			681	
Capital outlay			1,171	
Total expenditures			18,905	(18,905)
Net change in fund				
balances			8,944	8,944
Fund balances-				
beginning			21,716	21,716
Fund balances-				
ending	\$	\$	\$ 30,660	\$ 30,660

See notes to financial statements

Township of Gibson
Trash Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with</u>
				<u>Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Special assessment taxes	\$ 55,000	\$ 55,000	\$ 51,290	\$ (3,710)
Interest earnings			108	108
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>51,398</u>	<u>(3,602)</u>
EXPENDITURES				
Current:				
Public works:				
Trash pickup	48,000	48,000	47,822	178
Other			29	(29)
Total expenditures	<u>48,000</u>	<u>48,000</u>	<u>47,851</u>	<u>149</u>
Net change in fund balances	7,000	7,000	3,547	(3,453)
Fund balances - beginning			11,287	11,287
Fund balances - ending	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ 14,834</u>	<u>\$ 7,834</u>

See notes to financial statements

COMMENTS AND RECOMMENDATIONS

Members of the Township Board
Township of Gibson
Bay County, Michigan

My examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

The following comment and recommendation is based on observations made during the course of our examination for the year ended March 31, 2005.

Uniform Chart of Accounts

The Township has not been preparing the annual budget or the general ledger using the uniform chart of accounts. We recommend the Township Clerk, obtain the uniform chart of accounts from the Michigan Department of Treasury and assign account numbers for the trial balance amounts.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management and the Township Board and should not be used for any other purpose.

Barry E. Gaudette, CPA, P.C.

September 10, 2005